



MONTANA LEGISLATIVE BRANCH

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Legislative Fiscal Analyst
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DATE: November 24, 2006

TO: Legislative Finance Committee

FROM: Roger Lloyd

RE: Senate Bill 495 – Information

At your March and June meetings, you considered the effects of three loan repayment options related to the sale of mineral royalties from the common school trust as authorized in SB 495, enacted by the 2001 Legislature. You ultimately requested that the Department of Natural Resources and Conservation structure the principal payments so that the net distributions to the guarantee account decrease, thus lessening the general fund budgetary impact in the year following the end of SB 495.

Additional analysis by DNRC staff, after the LFC meetings, discovered that general fund savings could be achieved by paying the loan off as soon as possible, contrary to what LFD staff had told you and the subcommittee. LFD staff agrees with the DNRC analysis. Although the original concern of lessening the general fund support for public schools at the end of SB 495 is still valid, the committee needs to know that the option of paying the loan off as soon as possible would result in general fund savings. DNRC has expressed their intent to pay off the loan as soon as possible and the general fund savings from this proposed action have been included in the revenue estimates approved by the Revenue and Transportation Interim Committee.

Because of the new information, the committee may wish to re-consider their action on this matter.

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